Insurance Agency E&O File Audit Checklist

Review client files for the documents that show what coverage was requested, offered, declined, and bound.

WHO USES IT	Agency Owner, Manager, Account Manager
LINES	Not line-specific
VERSION	1.0	Last reviewed November 19, 2026
MAINTAINED BY	AgencyPacket
ONLINE	https://agencypacket.com/resources/insurance-agency-eo-file-audit-checklist

BEFORE YOU USE THIS
Review this against your agency's current processes, carrier guidelines, and E&O requirements before you put it into practice. Insurance rules vary by state, and some requirements are set at the local level, so confirm the licensing, disclosure, filing, and recordkeeping rules that apply where you operate. This resource is general guidance, not legal, compliance, or insurance advice. See our Terms at https://agencypacket.com/terms.

Purpose

When a client disputes a claim or coverage, the file is your evidence. Missing proposals, undocumented declined coverage, and unrecorded phone calls are the usual problems. A regular audit finds them while you can still fix them.

This is an operational audit aid. It isn't legal advice, and it does not guarantee coverage under your errors and omissions policy. Talk to your E&O carrier or attorney about your specific obligations.

When to use it

Use it on a schedule (for example, a sample of files each month or quarter), after an E&O scare, and before a producer or CSR leaves.

Process owner

The agency owner or a designated manager owns the audit. The person who handled each file fixes its gaps.

Before you begin: required information

- A list of files to audit, chosen by a set method (random sample, risk-based, or both)
- AMS access to the full file
- The agency's documentation standards
- A place to record findings and corrective actions

Procedure

Choose files

- [ ] Pick files by a consistent rule: a random sample, high-premium accounts, accounts with recent claims, or accounts handled by newer staff.
- [ ] Include personal and commercial.
- [ ] Record the files reviewed and the date.

Account documentation

- [ ] The file shows who the named insureds are and how to reach them.
- [ ] Applications are signed or have a record of authorization, where required.
- [ ] The file shows who handled the account and when.

Coverage requests and proposals

- [ ] The file records what the client asked for.
- [ ] There is a proposal or quote showing coverages, limits, and deductibles offered.
- [ ] Alternatives offered are in the file.
- [ ] The proposal date is before binding.

Declinations

- [ ] Where the client declined coverage you recommended (for example umbrella, flood, higher limits), it is documented in writing.
- [ ] Reduced limits or higher deductibles chosen by the client are documented.
- [ ] Declination records are dated and identify who made the decision.

Binding confirmations

- [ ] There is a record of when coverage was bound, by whom, and with which carrier.
- [ ] The binder or carrier confirmation is in the file.
- [ ] Effective dates match the client's request.

Customer communications

- [ ] Important conversations are summarized in the file: date, person, topic, and result.
- [ ] Emails and letters about coverage are saved.
- [ ] Phone calls about coverage, claims, and cancellations are recorded.

Policy changes

- [ ] Endorsement requests are documented, with the date requested, the carrier confirmation, and the client confirmation.
- [ ] Changes that reduce coverage have a client decision on file.
- [ ] Cancellation requests are documented with the date, who asked, and carrier confirmation.

Claims communications

- [ ] First notice of loss is recorded with date and who reported it.

- [ ] Communications with the client and carrier about the claim are logged.
- [ ] Late reports or coverage questions have been escalated and documented.

Renewal records

- [ ] The renewal review is documented.
- [ ] Changes at renewal, including premium and coverage changes, are recorded and communicated.
- [ ] Client decisions at renewal are documented.

Gaps, corrective actions, and completion

- [ ] For each gap, list the file, the missing item, who will fix it, and the due date.
- [ ] If something cannot be recreated, don't backdate anything. Add a dated note describing what is known.
- [ ] Escalate serious gaps to the agency owner. Ask your E&O carrier or attorney whether any circumstance should be reported.
- [ ] Track corrective actions to completion.
- [ ] Summarize findings: common gaps, training needs, and process changes.
- [ ] Sign and file the audit record.

Execution checklist

- [ ] Files selected by a stated rule
- [ ] Account documentation checked
- [ ] Requests and proposals checked
- [ ] Declinations documented
- [ ] Binding confirmations found
- [ ] Client communications logged
- [ ] Policy changes and cancellations documented
- [ ] Claims communications logged
- [ ] Renewal records checked
- [ ] Gaps assigned with due dates
- [ ] Audit summary signed and filed

Exceptions and escalation

- **File shows a possible error or coverage gap.** Tell the agency owner the same day. Don't alter the file. Ask your E&O carrier or attorney about reporting.
- **Documentation was never created.** Do not backdate. Add a dated note.
- **A producer or CSR who left handled the file.** Audit it and assign the follow-up.
- **Same gap appears in many files.** Fix the process, not just the files.

Completion criteria

- The planned files were reviewed.
- Every gap has an owner and a due date.

- Serious issues were escalated.
- Findings and training needs were recorded and signed off.

Make it yours: agency customization

This is a starting point built for independent agencies in general. Fill in the details below so it matches how your agency actually works, then keep your version with your other procedures.

Audit frequency and sample size
For example: 10 files per month.

File selection rule
Random, risk-based, or both.

Required items in every file
Your documentation standard.

Who decides what gets reported to the E&O carrier
Agency owner and attorney.

ASSIGN IT, TRACK IT
Need to assign this process to your team? Turn it into a repeatable workflow with AgencyPacket.

General guidance only, not legal, compliance, or insurance advice. Review against your agency's processes and the state and local requirements that apply to you before use. Version 1.0, last reviewed November 19, 2026. agencypacket.com/terms

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